

OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

DDA 76-4687

SEP 13 1976

Mr. James H. Taylor  
Comptroller  
Central Intelligence Agency  
Washington, D. C. 20505

Dear Jim:

This is in response to the Central Intelligence Agency's August 24, 1976 submission as part of the Presidential Management Initiatives effort (PMI). I would like to take this opportunity to provide you with OMB's observations and to share with you my views on the Agency's continued participation in this effort.

On the whole, I am pleased with the Agency's response and commend you on the progress the organization is making in many management improvement areas. However, I do believe that further effort is needed and that the next PMI submission should emphasize specific actions and results. The attachment contains comments on the Agency's response to the various PMI subject areas and suggests the manner in which follow-up should take place.


There are some PMI areas which I feel should also be addressed by the larger intelligence community. Therefore, while the Central Intelligence Agency will continue to be regarded as a full participant in the PMI effort, my staff will be contacting the Intelligence Community Staff about how it should become involved.

I do want to stress that both the President and the Office of Management and Budget regard this effort very seriously. Your continued interest and support are appreciated.

Sincerely yours,

ON FILE OMB RELEASE  
INSTRUCTIONS APPLY

MORI/CDF Pages 1 thru 8 &amp; pg

  
Donald G. Ogilvie  
Associate Director

Enclosure

cc: John McMahon, Intelligence Community Staff

COPY  
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Central Intelligence Agency

1. Decisionmaking and Departmental Organization

I. Policy Analysis Staff

Response satisfactory. Follow-up by OMB budget examiner as part of FY 1978 budget review.

II. MBO Program

FY 1977 and FY 1978 Agency MBO's are requested as soon as possible to be reviewed by the OMB budget examiner in conjunction with the FY 1978 budget review. OMB review of intelligence community objectives will be pursued with the IC Staff.

III. Decisionmaking

Timetable in report is acceptable.

IV. Organizational Review

1. Personnel inventory discussed in 5. III does not specify milestones or timetable for review of layering and excessive subdivision. By October 21, a revised plan should be submitted to include these omissions and greater detail on plans to consolidate sub-units and to develop guidelines for "assistant to" positions. A statement identifying review criteria for the personnel inventory is also requested. The IC Staff will be asked to develop an organizational review plan.
- 2.

2. Evaluation of Current Programs

I. Policy and Evaluation Unit

Response satisfactory. Follow-up by OMB budget examiner as part of FY 1978 budget review.

II. Efficiency Evaluations

Evaluation plans and timetables are generally acceptable. Specific comments regarding the ADP efficiency evaluations will be communicated separately by the OMB budget examiner. Identification of additional areas to be reviewed will be explored by OMB budget examiner during FY 1978 budget review and in discussions with the IC Staff.

### III. Management Plans

OMB guidance will be forthcoming.

#### 3. Reduction in the Burden of Federal Reporting and Regulation

No action required.

#### 4. Contracting Out and Holding Down Overhead Costs

##### I. Contracting Out

This has been identified as an emphasis area and will be pursued by the OMB budget examiner during the FY 1978 budget review and in accordance with OMB Circular A-76. IC Staff involvement will be pursued.

##### II. Overhead Costs

Detail is requested on the organizational location and modus operandi of existing agency systems for determining and analyzing overhead costs. Report requested by October 21.

By September 21, agency compliance with OMB Bulletin 76-9 is requested. This response to OMB should include plans for achieving travel savings in FY 1977 and FY 1978.

ADP practices have been identified as an emphasis area. Plans for improving management of ADP resources will be submitted on September 21. Supplemental guidance is attached.

No action required on cash management or mailing practices. Report acceptable on reproduction equipment. Possible further review of audio-visual activities will be explored by the OMB budget examiner.

By October 21, submit plan to OMB on proposed steps to achieve savings in telephone equipment and usage.

Space utilization and records storage will be reviewed by the OMB budget examiner during the FY 1978 budget review.

NOTE: Further guidance from OMB on mailing practices, reproduction equipment, telephone equipment and usage, space utilization and records storage will be forthcoming. This may involve information requirements for the October 21 monthly progress report.

5. Personnel Management

I. Executive Selection and Development

Report acceptable. Subject will be pursued by the OMB budget examiner as appropriate.

II. Work Force Quality

Report plan and timetable acceptable.

III. Position and Classification Management

As indicated in item 2.IV., a statement identifying review criteria for the personnel inventory is requested. Civil Service Commission Bulletin No. 250-7 should be carefully reviewed as these criteria are developed. Report plan and timetable acceptable. This has been identified as an emphasis area and will be addressed by the OMB budget examiner during the FY 1978 budget review. In addition, it will be discussed with the IC Staff.

IV. Productivity Measurement

Report not entirely responsive to PMI. By October 21, a progress report is requested. This report should also address the application of productivity measures in supporting staffing and budget requirements and for purposes of management evaluation and control. This area will be pursued by the OMB budget examiner during the FY 1978 budget review.

V. Employment Ceilings

Report acceptable. No further action required at this time.

The primary objective of the ADP initiative was to encourage activities which will reduce costs and address specific problem areas; it was not meant to stimulate the expansion of current ADP activities. However, the inclusion of initiatives where substantive benefits can be realized through further investment is not precluded. If an activity is identified for which capital investments are required to realize significant benefits the proposal should include a full evaluation of the alternatives, the costs and benefits, and the funding requirements for each alternative. If this information is not available at this time the submission should include the date by which such an evaluation will be completed.

All activities submitted, whether or not they require additional capital investment, should meet the following criteria:

- Include only those items for which tangible and measurable cost reductions or other benefits can be demonstrated.
- Include only those items where significant cost reductions or benefits can be identified which are deserving of Presidential attention.
- Identify the means by which cost reductions and benefits will be measured.
- Include an assessment of the budgetary impact and requirements of any proposals which involve FY 77 outlays beyond those in current budget guidance, or involve FY 78 subsequent resource decisions. Any initiative which recommends the expenditure of funds which have not been previously approved shall allow for the orderly evaluation of such proposal in the normal budget process.
- A plan outlining the agency's approach including key milestones and the dates by when they will be completed, should be developed for each of the six ADP practices suggested. If an agency does not believe it can realize benefits in one or more of the six areas, a negative report outlining the reasons why should be submitted in lieu of the plan.

## II. COST REDUCTION INITIATIVES

The first three of the six PMI's were aimed primarily at reducing cost. Examples of activities which can be undertaken to achieve cost reductions or other benefits are identified for each. In no way is this meant to be a comprehensive list of possible actions.

A. Reducing the unit cost of data processing - Consider items such as but not limited to the following:

- Establishing targets for increasing reimbursable sharing of any excess capacity.
- Assure that all computer support performed for users outside of the agency is done on an appropriate cost reimbursable basis.
- Reducing hours of operation to those required to meet cost justifiable workload levels.
- Eliminating marginally used equipment by relying on other agencies or the private sector for such specialized services.
- Improve operational efficiency of existing systems or applications.
- Shift workload to other computer systems when such applications can be processed more efficiently on other systems.
- Consider consolidation of operations.
- Measure the amount of ADP resources required per application or system and allocate resources on the basis of value received.
- Reevaluate previous lease vs purchase determinations.
- Increase workload volume without increasing ADP resources.

B. Eliminate nonessential or marginal workload - Consider items such as but not limited to the following:

- Establish a plan for evaluating the cost/benefits and need for all existing applications.
- Evaluate the adequacy of existing processes for justifying new applications.
- Establish a certification program for ADP systems and applications.

C. Reduce equipment rental through increased competition - Consider items such as but not limited to the following:

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sources and such leases have not opened to competition within the last 12 months. Develop specific plans for competing such leases.

- ° Where "plug to plug" compatible equipment is available from sources other than the original equipment manufacturer -- and the agencies have not taken advantage of lower rental rates generally available through such sources -- specific timetables should be established for evaluating cost reduction possible by use of such "plug to plug" compatible equipment.
- ° Make greater use of broader performance specifications to expand opportunities for greater competition.
- ° Consolidate procurement requirements within the agency -- particularly for terminals and minis.

### III. MANAGEMENT IMPROVEMENT INITIATIVES

The last three ADP PMI's are intended to stimulate activities that will improve the management of ADP resources. While the primary emphasis of the cost reduction initiatives was on economy, these initiatives stress efficiency and effectiveness. Agency actions in this area should be designed to achieve objectives such as maximizing alternatives in the planning process and minimizing operational errors.

- A. Analyze the need and methods used for expanding Government computer capacity - Consider items such as but not limited to the following:
  - ° Strengthen planning processes.
  - ° Assure that alternative approaches for meeting needs are objectively evaluated.
  - ° Make greater use of surplus capacity available from other agencies.
  - ° Establish time table for A-76 evaluation.
- B. Minimize the automatic computer issuance of inaccurate or unnecessary checks and purchase orders - Consider items such as but not limited to the following:
  - ° Review and evaluate all applications, procedures, criteria and programs.
  - ° Establish more rigid criteria and control procedures.

- Provide system for selective human intervention or verification as appropriate.

- Establish system of cross checks and balances.
- Establish audit and measurement procedures.
- Establish systems design criteria to minimize errors.
- Develop standards for system design and operation.

C. Strengthen agency ADP management to overcome problems of computer fraud and security - Consider items such as but not limited to the following:

- Establish timetable for independent review of the adequacy of current security procedures for each installation.
- Establish procedures for spot checks of processes and facilities by independent reviewers.
- Audit processes to guard against fraud.
- Develop security guidelines and procedures to safeguard systems.
- Review internal control procedures for each system identified that may be susceptible to computer related crime.
- Establish a security office with operational responsibility to safeguard systems and facilities.
- Establish a monitoring system to remain cognizant of possible problems.





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

71-3849

Executive Registry  
76-8696/1

July 27, 1976

MEMORANDUM FOR THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE SECRETARY OF DEFENSE  
THE ATTORNEY GENERAL  
THE SECRETARY OF THE INTERIOR  
THE SECRETARY OF AGRICULTURE  
THE SECRETARY OF COMMERCE  
THE SECRETARY OF LABOR  
THE SECRETARY OF HEALTH, EDUCATION,  
AND WELFARE  
THE SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT  
THE SECRETARY OF TRANSPORTATION  
THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY  
THE ADMINISTRATOR OF GENERAL SERVICES  
THE ADMINISTRATOR, NATIONAL AERONAUTICS  
AND SPACE ADMINISTRATION  
THE CHAIRMAN, CIVIL SERVICE COMMISSION  
THE ADMINISTRATOR, SMALL BUSINESS  
ADMINISTRATION  
THE ADMINISTRATOR OF VETERANS AFFAIRS  
THE ADMINISTRATOR, ENERGY, RESEARCH AND  
DEVELOPMENT ADMINISTRATION  
THE ADMINISTRATOR, ENVIRONMENTAL PROTECTION  
AGENCY  
THE ADMINISTRATOR, FEDERAL ENERGY  
ADMINISTRATION

SUBJECT: Presidential Management Initiatives

At the President's management meeting on July 23 he asked that we advise you promptly as to the specific actions he expects to be taken by each agency.

As you know, the meeting covered a lot of territory. For purposes of this follow-up we have divided the subject matter as follows:

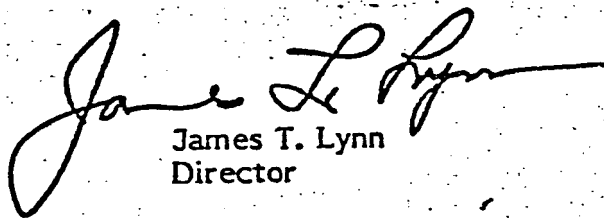
1. Decisionmaking and departmental organization.
2. Evaluation of current programs.
3. Reduction of the burden of Federal reporting and regulations.
4. Contracting out and holding down overhead costs.
5. Personnel management.

A more detailed summary sheet of things to be done in each of these areas is attached. As you will note some actions are to be taken in the near future -- by August 23, September 3, September 21, or October 21, as the case may be -- but some go into fiscal year 1978. However, whatever these specific times for action, we would appreciate having from you by August 23 an overall plan as to how you are going about tackling each of the initiatives. Within two weeks of receipt of your initial plan, we will be back to you with such comments and suggestions as we may have.

The President wants to be brought up to date monthly on how each of the agencies is progressing. Accordingly, we will be sending to you shortly a suggested format to be used for this purpose. We hope that there would be two such reports submitted in time for the next management meeting, which the President expects to hold in mid-September.

I have asked Fernando Oaxaca, Associate Director for Management and Operations, to coordinate these matters for me. He can be reached on 395-3423. I would appreciate your letting me and Mr. Oaxaca know as soon as possible the name of the person in your agency who will be responsible for this overall effort.

Many of the tasks contemplated by these initiatives are not easy ones. However, the President has given us clear marching orders and I believe that by working together some very substantial further improvements will result. If my staff or I can be of help at any point along the way, please let us know.



James T. Lynn  
Director

Attachments

## 1. DECISIONMAKING AND DEPARTMENTAL ORGANIZATION

Each agency should:

- A. Determine the extent to which there is a unit within the agency reporting directly to the agency head which has the mandate from the agency head (and the requisite personnel) to assist the agency head in carrying out the following in an unbiased manner: (a) determining MBO's, (b) assuring that important decisions are made only after consideration of all relevant factors, including the impact on competing priority goals of the Administration and on programs of other agencies, and the views of the public, (c) identifying the need for and guiding the design and implementation of program impact and efficiency evaluations, (d) assuring prompt and complete implementation of the agency head's decisions, and (e) coordinating all of the foregoing with the agency's budget process.
- B. By September 21, report to OMB on the agency's assessment of its situation with respect to A above and the steps taken and remaining to be taken to establish or upgrade such a unit. Such steps shall not involve an increase in ceilings or supergrades.
- C. Review for possible improvement, the agency's MBO's for FY 1977, and in accordance with OMB guidance to be furnished, submit proposed agency head MBO's for FY 1977 and 1978, as part of the FY 1978 budget process.
- D. Promptly include among the agency's MBO's those necessary to carry out the actions directed by the President at the meeting.
- E. Develop and insist on utilization of the decisionmaking checklist approach to decisionmaking. OMB will provide promptly a draft with a request for comments and suggested revisions within 30 days.
- F. Review current staffing patterns and structures to identify unnecessary position layering and excessive organizational subdivisions. Develop a plan to consolidate subunits with similar and related functions. Establish guidelines which will be reviewed by OMB for "assistant to" positions, including number per policy official and grade level. Procedures should be established to ensure at least agency deputy level review of proposals to create new subdivisions and "assistant to" positions.

OMB is developing procedures whereby each year, in conjunction with budget submissions, each agency will also submit a management plan for the budget year. Such plans will include initiatives to carry out actions directed by the President at the meeting as well as such other management initiatives as appear desirable. Management plans will be reviewed and finalized in the Presidential budget process.

## 2. EVALUATION OF CURRENT PROGRAMS

Each agency should:

- A. Assign to its policy and evaluation unit (see 1.A and B in Decisionmaking and Departmental Organization) responsibility to identify the need for, and guide the design and implementation of program impact and efficiency evaluations. For this purpose program impact evaluation means the comprehensive assessments of program impact to determine whether a program is adequately and effectively meeting its objectives as established (or perceived) in statute or regulation. Program impact evaluations also seek to determine the cost, including the extent of unintended adverse consequences. Efficiency evaluations do not question the need for or intent of the program. Efficiency evaluations may focus on a given segment of a program to determine if there are ways of achieving costs savings, or a more efficient approach to providing service delivery under the program, or a less burdensome way to achieve the programmatic objectives. At the meeting, this was referred to as "Operation Barnacle Removal."
- B. By August 23, identify to OMB ten efficiency evaluations — determined on a priority basis — now underway or planned (a) for the period through December 31, 1976, and (b) to the end of FY 1977, all with timetables for completion. If the agency can't identify or handle ten, it must at least explain why not.
- C. Develop in accordance with OMB guidance which will follow, a management plan (to complement the agency budget submission for FY 1978), and as part thereof describe the agency's proposed program impact evaluations to be completed or at least started in FY 1977, FY 1978, and FY 1979. These plans will be reviewed and finalized in the course of development of the FY 1978 budget.

As part of such management plan, the agency will be expected to provide for systems that will assure (a) identification of those programs that should receive program impact and/or efficiency evaluations on a regular basis, (b) the proper timing and frequency, (c) proper design, (d) proper public participation in design and implementation, (e) proper interagency coordination in such evaluations, and (f) that such evaluations are properly coordinated with the budget process and policy-making.

### 3. REDUCTION IN THE BURDEN OF FEDERAL REPORTING AND REGULATION

Each agency should:

- A. Reduce the burden of Federal paperwork on the public (hours spent in compliance) by at least 5% by the end of FY 1977 and by an additional 15-20% by the end of FY 1978 (which gives enough time for enactment and implementation of substantial reform through legislation). By August 23, each agency is to submit to OMB a tentative plan for reducing paperwork burden further with timetables through December 31, 1976, FY 1977 and FY 1978. To the extent possible, each agency should adopt the 5%, 15-20% targets or better them. In addition to providing guidelines for agency use in achieving this goal, OMB will direct agency head attention to specific programs which appear to have large reporting burdens and will request that specific attention be given to these programs.

Overall ceilings will be established by OMB for the number of repetitive and single-time reports to be permitted. Present stringent short-term guidelines will come into effect automatically when ceiling is reached. Such guidelines will be introduced selectively for agencies which reach their assigned share of the overall ceilings even though the ceiling itself may not be reached for the Executive Branch as a whole.

OMB will develop additional standardized financial and administrative procedures to reduce the reporting burden on recipients of Federal grants.

- B. Agencies are to develop and submit to OMB specific schedules for regular, periodic review of regulations governing programs to assure that administrative procedures and reporting meet only basic continuing needs for agency program management. See evaluations above. Only as an example, consider improvements in auditing grantees; the same programs are often audited by Federal, State and local audit groups.

#### 4. CONTRACTING OUT AND HOLDING DOWN OVERHEAD COSTS

A. Contracting Out. To further the objective of maximum reliance on the private sector in accordance with OMB Circular No. A-76, agencies should:

1. By August 23, submit to OMB an initial plan for increasing their reliance on the private sector to carry out overhead or program functions in accordance with the Circular. Unless very good reasons are given, each agency will be expected to identify at least five functions presently performed in-house that will be reviewed from this standpoint (together with timetables for action). Agencies will be expected to better these targets, wherever possible.
2. By September 21, review and revise their implementing instructions and procedures for contracting out to ensure that all in-house commercial and industrial activities are reviewed and terminated if not justified as an exception to the contracting out policy. Agencies are also expected to tighten the review of proposals to initiate or expand in-house commercial and industrial activities. To assure that such instructions are carried out, systems for periodic review of existing functions and review of new proposals from the standpoint of Circular No. A-76 should be installed.

#### B. Overhead Cost.

1. Identification of Overhead Costs. Agencies should set up systems for routinely determining and analyzing overhead costs. This need not involve costly new recordkeeping systems, but could rely instead on cost-finding techniques and special studies.
2. Travel. To hold down travel costs:
  - (a) Agency heads should personally review fiscal year 1976 reports of travel savings and accomplishments prior to submission to GSA in August 1976 (as required by OMB Bulletin No. 76-9, as amended) - to identify areas where greater improvement can be made.
  - (b) By September 3, agencies should develop and report to GSA plans to further reduce travel costs in fiscal year 1977. This plan should include a specific and challenging reduction goal and should reemphasize the OMB travel guidelines.
  - (c) OMB will forward suggested methods and procedures for agency consideration for further controlling travel to assist in the development of this plan.

### 3. ADP Practices.

- (a) Agencies with substantial ADP investments (i.e., those that received an OMB allowance letter in February 1976) should organize a program to:
- reduce the unit cost of data processing;
  - eliminate nonessential or marginal computer workload;
  - reduce equipment rental through increased competition;
  - analyze the need and methods used for expanding government computer capacity;
  - minimize the automatic computer issuance of inaccurate or unnecessary checks and purchase orders; and
  - strengthen agency ADP management to overcome problems of computer fraud and security.
- (b) By August 23, all such agencies should prepare and submit to OMB a plan describing the specific actions they will accomplish in each of the above areas. The plan should address both short and long term action steps. GSA will submit a plan for increasing the use of "third party" and "plug-to-plug" compatible ADP rental contracts government-wide.
- (c) By September 21, all agencies should submit a progress report indicating short term accomplishments in each area. For the very large ADP agencies (i.e., DOD, NASA, ERDA, Treasury, and HEW), this report will not include equipment rental reduction efforts.
- (d) By October 21, the very large ADP agencies are to submit the results of an equipment rental review to GSA. This review will identify the extent to which the agency is using "third party" and "plug-to-plug" contracting techniques, the savings that have resulted, and plans for extending the use of these techniques over the next year along with estimated additional savings.

### 4. Cash Management.

- (a) Agencies—particularly those with significant collection operations like HUD, Interior, FEA, SBA—should follow Agriculture's lead in cash management. Agencies should modernize their cash management practices to include:
- rapid billing and collecting procedures;
  - proper timing of payments; and
  - accurate cash forecasting.
- (b) Treasury and OMB will assist in these efforts, and, by October 21, report to the President on savings that have been or can be realized.

5. Reproduction Equipment.

(a) Agencies should:

- require more efficient use of reproduction equipment; and
- maximize centralized field duplication services.

(b) GSA should review agency efforts and, by October 21, report to the President on savings that have been or can be realized.

6. Audiovisual Activities.

(a) The Departments of Justice, Transportation, and Health, Education, and Welfare are scheduled to report to OMB in July on their plans for consolidating their audiovisual facilities in the Washington, D.C. area. A similar report is scheduled from the Department of Defense in August.

Heads of these Departments should personally review the reports prior to submission to OMB.

(b) In addition--to hold down overall audiovisual costs--all agencies should:

- Review existing facilities both in central offices and in the field, eliminate or consolidate, where possible (keeping in mind available facilities in other agencies and in the private sector).
- Establish controls to prevent the acquisition of unnecessary equipment and supplies.
- Use existing government-owned films, video tapes and recordings in lieu of new acquisitions, where possible.
- By September 21, OMB is to report the results of this effort to the President.

7. Telephone Equipment and Usage.

(a) Millions are spent annually on telephone services provided by GSA through the Federal Telecommunications System as well as those services secured by direct telephone contract.

(b) To reduce the cost of telephone equipment and usage, agencies should:

- Review existing telephone equipment and usage to ensure optimum use of this service.



- Request GSA's assistance in the review as appropriate.
- Report to OMB, by September 3, on achieved and expected savings in telephone equipment and usage.

8. Mailing Practices.

- (a) To effect cost savings in postal mailings, the National Archives and Records Service (NARS) and Postal Service are submitting a plan to OMB on ways in which savings can be realized.
- (b) Agencies should:
  - Issue instructions on the most economical utilization of available services based on the guidelines and handbooks issued by NARS.
  - Provide adequate training for employees to implement the instructions.
  - Monitor mail practices to insure that mail is sent by the most economical means.
  - Seek the assistance of NARS and the Postal Service to effect economies in the handling of mail.
  - Report to NARS by September 21 on achieved and expected savings in mail practices.

9. Office and Other Space.

- (a) To effect efficiencies in space utilization, agencies should:
  - Review present space utilization and assure that per person square footage of space is kept to a minimum in keeping with efficient accomplishment of the agencies missions, and
  - Submit plans to GSA by August 23.
- (b) GSA should rewrite Federal Property Management Regulations to reflect new space utilization standards and other requirements growing out of studies and reviews of agencies' space needs. This should be done by October 21, if possible.

10. Record Storage

- (a) To keep unnecessary paperwork from piling up in files that are seldom if ever used and take up needed floor space, agencies should dispose of or retire records to storage in accordance with records control schedules.
- (b) GSA should review and reenergize agency efforts in these areas, and, by September 21, report to OMB any savings that have been or can be realized.

## 5. PERSONNEL MANAGEMENT

Executive Selection and Development - Identification and training of personnel having executive promise, and development of incumbent executives.

Work Force Quality - Evaluation of employee programs which affect overall work force quality, specifically: recruitment, employee performance evaluation, career advancement, managerial incentives and training.

3 Position and Classification Management - Systematic reexamination of internal systems, and appropriate corrective action to restrain grade escalation and to eliminate duplication of work or under-utilization of personnel.

Productivity Measurement - Improvement of productivity measurement and extension of such measurements to functions not presently covered, as a means of judging both managerial and individual staff performance and of improving productivity.

Employment Ceilings - Adherence to Presidential employment ceilings and avoidance of congressionally mandated minimum employment levels.

A. Agencies should establish and improve comprehensive selection and development systems, under Executive Manpower Resources Boards, providing:

- Selection processes which ensure that, when management vacancies occur, they are filled carefully with the best qualified individuals available.
- Identification of mid-career employees with the greatest managerial potential, and provision of developmental experience to prepare them for future responsibilities.
- Planned training and other developmental opportunities designed to focus incumbent managers' attention on their managerial responsibilities and to enhance their abilities.

B. Each agency, by September 3, should identify (or establish) one executive selection and development system to serve as a model for stimulating the establishment of comparable systems in all major organizational components by the end of FY 1977.

C. As an immediate part of this long-range and continuing effort, agencies should, by September 21, implement an operational "high potential" identification system and prepare individual development plans for a small number of people with especially high potential.

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- D. Agencies should, by August 23, begin a year-long program of evaluation of employee programs in order to identify priority ways of improving overall work force quality. These evaluations will cover the quality of recruitment, the employee performance evaluation process, career advancement, managerial incentives, and training programs. OP

- Completed  
9/1/78  
OP*
- E. Agencies should, by September 3, begin a year-long program for the careful, systematic reexamination of internal position management and classification systems called for in the President's May 27 memorandum, in accordance with CSC instructions issued July 2. OP

OMB and CSC may specify special reviews or instructions on a selective basis, in agencies where there seem to be excessive problems of overgrading, duplication of work, or underutilization of personnel resources.

- F. Agencies should institute a program to refine existing productivity measurements and extend them to a substantial number of functions not now covered. They should include a progress report on this program as part of their FY 1978 budget submission. General guidance and assistance will be provided by the Bureau of Labor Statistics and the National Center for Productivity and Quality of Working Life.

Agencies should increase the applied use of productivity measures in supporting staffing and budget requirements and for purposes of management evaluation and control. A government-wide goal of two percent improvement in productivity, in the functions currently measured, will be set between now and the end of FY 1978. Each agency should include projected improvements in its calculations for its FY 1978 budget request.

- G. Heads of agencies should take a personal interest in ensuring that Presidential employment ceilings for both full-time permanent and total employment are not exceeded.

- Completed  
9/1/78  
OP*
- H. Agencies should evaluate their current internal systems for administering personnel ceilings to look for better ways of ensuring compliance with those ceilings and providing flexibility for intra-agency ceiling reallocation. A report on this evaluation should be submitted to OMB by September 21. OP/OC completed

*Initial report 23 August*

ROUTING AND RECORD SLIP

SUBJECT: (Optional) Presidential Management Initiatives				
FROM: C/MAS/DDA		EXTENSION	NO.	
			DATE 20 September 1976	
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. Dir/Personnel SE-13 Hqs.				<p>REFERENCE: Presidential Management Initiatives (PMI)</p> <p>Attached is copy of memorandum to Comptroller from AD/CMB which forwards OMB's comments on the Agency's plan for implementation of the PMI's.</p> <p>Distribution: - Each DDA Office Director Assistant for Information</p>
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